

Eligibility Engine and Health Insurance Exchange Issues

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**Fred Forrer
Laurie Thornton
Bob Carey
Public Consulting Group**

Agenda

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 - Overview
 - Key Assumptions
- Health Insurance Exchange
 - Overview
 - First Level Decisions
 - State or Federal Exchange
 - Governance Structure
 - Other Key Decisions

Eligibility Engine: Overview

- Purpose of this fast-tracked project is to evaluate the proposed Eligibility Engine through which NV residents will access the publicly-subsidized health coverage (Medicaid, CHIP, Health Insurance Exchange).
- Project will result in the identification of high-level cost estimates for procuring, designing and implementing the eligibility engine and modifying other systems/interfaces that may be impacted.
- Results will be presented in a report to DWSS on August 24, 2010 and will be used to develop a Budget Decision Unit for FY 2012-13.
- To date, the PCG project team has completed the following tasks:
 - Developed Deliverables Expectation Document
 - Met with DWSS management and staff to develop project assumptions
 - Met with DWSS budgeting staff to understand project needs from a fiscal planning perspective
 - Reviewed existing documentation and materials from other states
 - Facilitated high-level system design meetings with key DWSS/DHCFP staff

Eligibility Engine: Assumptions

- Governance and administration of the Exchange are unknown at this time, though this is not a gating issue at this stage of the project.
- Eligibility Engine will:
 - Be administered by DWSS.
 - Determine eligibility for publicly-subsidized health coverage programs, including Medicaid, CHIP, a basic health program (that may be offered at the State's discretion), and the Exchange.
 - Not determine eligibility for employers or groups that may wish to purchase coverage through the Exchange's Small Business Health Options Program (SHOP).

Eligibility Engine: Assumptions

- The Eligibility Engine will be rules-based.
- The provision of subsidies, as well as premium billing and collection, will be a function of the Exchange.
- NOMADS and/or other associated systems and interfaces may need to be modified and/or enhanced to support the needs of Health Care Reform. The need to modify or enhance the system will be assessed as part of the feasibility study.
- NOMADS will continue to determine eligibility for SNAP, TANF, and other public programs that it currently supports.
- NOMADS will continue to serve as the system of record for Medicaid, SNAP, TANF, and other public programs that it currently supports.

Eligibility Engine: Assumptions

- NOMADS will serve as the system of record for individuals and families receiving premium subsidies for commercial health insurance purchased through the Exchange and for CHIP.
- Currently, Medicaid eligibility is determined by DWSS through NOMADS. Eligibility for CHIP is determined by the Division of Health Care Financing and Policy (DHCFP). The determination of CHIP eligibility would be transferred to NOMADS.
- Healthcare Reform will require the establishment of a multi-department governance structure and process at both the policy and information technology levels.

Exchanges Under Federal Health Reform

- Single portal through which eligibility for publicly-subsidized insurance will be determined (Medicaid, CHIP, Exchange, and other public insurance programs)
- Commercial insurance marketplace for individuals and small groups
- Premium subsidies and lower cost-sharing for eligible individuals
 - Sliding scale subsidies based on income from 133% – 400% FPL
 - Medicaid expansion to cover residents up to 133% FPL
 - State option to establish separate health insurance program for individuals with income from 133% - 200% FPL
 - “Aliens lawfully present” who are not eligible for Medicaid can receive premium subsidies, reduced cost sharing, and purchase insurance through the Exchange
- Small employers with lower-wage workers that purchase through the Exchange may be eligible for two-year tax credit to partially subsidize premiums
- *Existing* small group and individual markets will operate outside the Exchange

Exchange Structure

- Governance/oversight must be government agency or non-profit entity established by the state
- Allowed to subcontract functions, but not to health insurers
- Can only offer “qualified” health plans
- Plans grouped into five categories based on actuarial value:
 - Platinum (90%)
 - Gold (80%)
 - Silver (70%)
 - Bronze (60%)
 - Catastrophic (High Deductible Health Plans - HDHP)
[Purchase of HDHP's limited to individual market; enrollees must be under 30-years old or exempt from individual mandate based on affordability or hardship]
- May also offer stand-alone dental plans

Exchange Functions

Consumer Support

- Develop eligibility engine to process applications for Medicaid, CHIP, Exchange, and other public subsidy programs
- Set up call center/customer service unit with toll-free number for consumers
- Establish “Navigator” program to assist with outreach and enrollment
- Develop “calculator” to estimate total cost of insurance (e.g., premiums, co-pays, deductibles)

Exchange Functions

Distribution Channel for Commercial Insurance

- Establish carrier participation policies and procure health plans
- Assign health plan ratings and provide standardized information for consumers
- Develop multiple channels (i.e., web, phone, mail, walk-in) to enable people to shop for insurance, compare monthly premiums, and enroll in coverage
- Coordinate with Federal Office of Personnel Management on offering of at least two multi-state plans through the Exchange

Exchange Functions

Administrative Services and Operations

- Develop rating engine to allow individuals to generate quotes for health plans offered through the Exchange
- Establish interface with health carriers to facilitate application of premium subsidies and lower cost-sharing based on income of individual/family
- Coordinate eligibility, reporting, premium subsidies, etc. with federal agencies
- Certify exemptions under the individual mandate
- Collect “Free Choice Vouchers” from ERs and apply vouchers to EEs premiums
- Bill, collect and remit premiums to carriers?

First Level Decisions – State or Federal Exchange

Pros:

- Better coordination with Medicaid/CHIP programs for subsidized populations
- State control/oversight of the commercial insurance markets
- Consistent insurance rules inside and outside of the Exchange
- Ability to promote/support state priorities
- Potential to leverage federal funds to support eligibility system development and NOMADS modifications

Cons:

- Amount and type of federal grants may largely determine state's ability to establish and operate state-based Exchange
- Limited State resources
- Any problems with the Exchange become the State's problems
- Outcome remains uncertain

First Level Decisions – Governance Structure

- Responsibilities:
 - Establish policies and regulations;
 - Assure compliance with federal and state laws and regulations;
 - Negotiate premiums and coverage with qualified health plans; and
 - Oversee and administer all of the functions fundamental to achieving the goals of the Exchange.
- Board composition:
 - Representation from across state government, including Nevada Division of Insurance, Medicaid/CHIP program, and Public Employees Benefit Plan.
 - Experience/expertise in individual and/or small group health insurance markets.

Other Key Decisions for Nevada

Second Level Decisions:

- State-wide vs. regional vs. multi-state Exchanges
- Separate program for individuals with income between 133 – 200% FPL
- Separate individual and small group Exchanges or combined Exchange
- Separate or combined individual and small group markets for purposes of risk pooling
- What to out-source, what to in-source

Third Level Decisions:

- Benefits required beyond “essential health benefits” must be paid by the state
- Standardize plan designs or allow for market “creativity”
- “Open” or “selective” contracting with carriers and health plans
- Limit small group market to <50 EEs, prior to 2016
- Premium billing, collection, remittance
- Role of brokers/agents
- Frequency of rate changes by carriers

Milestones for the Exchange

- 2011 Legislative Session
 - Enact legislation to establish Exchange, including authority of governing board, administrative structure, and responsibilities of the Exchange.
 - Enact legislation making changes to commercial health insurance rules and regulations to conform with federal health care reform.
- CY 2012
 - Establish infrastructure for Exchange operations; determine health plan selection criteria; and issue RFP to solicit health plans.
- January 1, 2013
 - Secretary of Health and Human Services determines whether state has taken necessary steps to establish Health Insurance Exchange.
- January 1, 2014
 - Health Insurance Exchanges operational.